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SUBJECT: ARGENTINA: EMBASSY ADVOCATES FOR U.S. INTERESTS ON NEW
BROADCASTING LAW

REF: BUENOS AIRES 587

(U) Sensitive but unclassified. Not for Internet distribution.

11. Summary: In recognition of the important U.S. commercial interests that could potentially be affected by the new broadcast bill that the GOA is drafting for submission to Congress in the near future, the Embassy arranged a meeting for the major U.S. broadcasters and content producers operating in Argentina to meet with the lead advisor to the broadcasting agency (COMFER) to discuss important issues related to their operations. Buenos Aires has become the broadcasting and production regional hub for many of the most important Pay TV companies in the United States, including Turner, Fox, Discovery, MTV, Disney, and HBO. The meeting was organized at the initiative of the Embassy in response to expressions of concern from industry contacts whose entire regional operations will be affected by the new law. The meeting served to enhance GOA understanding of the broadcasting industry and the contributions it makes to the country's economy. The GOA appreciated the Embassy's efforts and has continued to consult with the U.S. companies and the Commercial Office as the bill is drafted. The draft that will be sent forward appears to take into account all of the issues and concerns that were tabled by the U.S. firms. Ambassador and Embassy plan to follow up. End Summary.

12. Shortly after a sudden change in the head of COMFER (Argentina's FCC equivalent) and the Argentine Government's announcement of plans to draft a new Bill of Law for the broadcasting industry, CSBA organized a meeting for leading U.S. companies in the sector with Omar Szulak, the main advisor to the new head of the COMFER, Mariotto. The U.S. companies were all members of TAP (Television Association of Programmers - Latin America, which represents the industry's interests throughout the region. The U.S. companies that participated, included Fox Latin America, Turner Broadcasting (a Time Warner Company), MTV (a Viacom company), Disney, HBO and Discovery. These companies have collectively invested over USD 800 million in Argentina in the last two years and have created approximately 2,700 direct jobs and over 6,000 indirect jobs through their extensive contracting arrangements with local equipment and service providers. Buenos Aires is now the regional hub for most of the major U.S. broadcasters and producers of Pay TV programming in Latin America. Turner, Fox, Disney, Discovery and MTV have all located their Latin American headquarters in Buenos Aires attracted by the highly skilled, creative, multi-cultural and multilingual talent pool, as well as the large number of qualified local firms capable of providing equipment and services to this industry which is highly dependent on contractors.

13. During the meeting, which lasted four hours, the companies made a brief presentation about their recent investments and operations in

the country followed by a rich and intense discussion of key aspects of the new regulatory framework that could be critical for the success of their operations throughout Latin America. The insights shared by the companies were very much appreciated by Mr. Szulak who said he learned a lot about the industry and the importance of Buenos Aires in Latin America. (In 2007, over 700 audiovisual works, including movies, TV programs, documentaries and commercials were produced in Buenos Aires).

14. The U.S. companies had been trying to get an appointment with Mariotto, the new head of the COMFER, and his main advisors since he took office on April 4 with no success, and were grateful to the Embassy for having taken the initiative to set up this productive meeting with Mr. Szulak. Omar Szulak has a B.A. Degree in Communications from the University of Lomas de Zamora in Buenos Aires and a Masters Degree in Marketing and Communications from University in Maryland. He currently is the President of the Media Lab at the University of Lomas de Zamora.

15. Early drafts of the bill had the potential to be detrimental to U.S. company interests and were strongly protectionist of Argentine industry. The issues of greatest concern were a requirement that 60 percent of the signals available through pay TV be Argentine; and a requirement that all pay TV (signals transmitted by a cable operator through subscription) not contain any advertising. The U.S. companies explained how the industry is structured and demonstrated why advertising is now the main source of income for pay TV today, because the fees paid by cable operators for broadcast rights are trending effectively toward zero due to the concentration of pay TV ownership that has resulted in recent years from mergers and acquisitions by the market leaders. They also pointed out to Mr. Szulak that there are not enough local signals in

existence to comply with the proposed 60 percent transmission quota.

Furthermore, they explained that since their firms and many Argentine contractors are actually producing content for the entire region, many of the apparently "foreign" signals are actually transmitting content "made in Argentina."

16. As a result of this meeting and several smaller follow-on meetings at the request of the advisor to the drafting committee and representatives of TAP, the GOA drafters now have a much more complete and accurate understanding of these important aspects of broadcasting and Argentina's high stakes in successfully supporting the industry's regional growth and competitiveness. The original draft was imprecise, full of old statist concepts, and protectionist. The paragraphs of the draft that the Embassy was shown are the same as the drafts written five years ago during a previous aborted GOA attempt at promulgating a new broadcast law. TAP members and their lawyers will keep close tabs as the draft moves forward to ensure that no modifications are made that will be prejudicial to their industry or violate any of the provisions of the U.S.-Argentina Bilateral Investment Treaty. Initial feedback indicates that the GOA has understood and has taken the points made by the U.S. companies under consideration. According to industry sources, a final draft will be presented to the President and to the Secretary for Legal and Technical Affairs Zanini in late May for review and submission to the Senate. Ambassador is seeking a meeting with Zanini. For those interested in history and political context related to the broadcast law, post recommends refetel.

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